

Message Text

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PAGE 01 TOKYO 01655 060034Z

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ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 EB-11 COME-00 CIEP-02 TRSE-00

SCI-06 FEA-02 INT-08 FPC-01 AGR-20 OMB-01 DRC-01 /170 W

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R 050916Z FEB 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9807

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

CINCPAC

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CINCPAC FOR POLAD STATE ALSO FOR T/IEP

EO 11652: NA

TAGS: ENRG JA

SUBJ: ENERGY JAPANESE ENERGY CONTROLS

SUMMARY: MITI NOW ALLOWING SOME EXCEPTIONS TO MANDATORY
ENERGY CONTROLS FOR PRODUCERS OF MATERIALS IN SHORT SUPPLY,
BUT PLANS NO GENERAL RELAXATION OF OIL AND ELECTRIC CONSUMPTION
CONTROLS DURING FEB. END SUMMARY.

1. IN RESPONSE TO INCREASING PRESSURE ON GOJ TO RELAX
MANDATORY RESTRICTIONS ON USE OF ELECTRICITY AND PETROLEUM,
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PAGE 02 TOKYO 01655 060034Z

MITI MIN NAKASONE TOLD DIET FEB 4 THAT GOVERNMENT

WAS CONSIDERING INCREASING OIL SUPPLIES TO DOMESTIC INDUSTRY. NAKASONE REPORTEDLY HINTED THAT GOJ MIGHT EASE RESTRICTIONS EVEN BEFORE CURRENT SET OF CONTROLS EXPIRE ON MARCH 1. MITI OFFICIAL (YAMAMOTO-DEP HEAD OF GENERAL COORDINATION DIV OF RESOURCES AND ENERGY AGENCY) EXPLAINED, HOWEVER, THAT GENERAL RELAXATION OF CONTROLS ON ENERGY USE NOT IMMINENT AND THAT ENFORCED CUTBACKS, WHICH NOW AVERAGE 15 PERCENT TO GENERAL INDUSTRY, WOULD BE MAINTAINED THROUGH THE END OF FEB. HE ADDED THAT SOME SPECIAL EXCEPTIONS ARE NOW BEING ALLOWED FOR PRODUCERS OF GOODS THAT ARE IN SHORT SUPPLY, SUCH AS FERTILIZER AND DETERGENTS. OTHER ITEMS SUCH AS CEMENT AND STEEL ARE ALSO BEING CONSIDERED FOR INCLUSION IN THIS CATEGORY. PRODUCERS OF ITEMS CONSIDERED TO BE IN SHORT SUPPLY WILL BE EXEMPT FROM ENERGY CONSUMPTION CONTROLS.

2. ACCORDING TO YAMAMOTO, DECISION WILL BE MADE ABOUT FEB 20 ON WHETHER TO LOWER RATE OF ENERGY CONTROLS TO 10 PERCENT RANGE OR LESS FOR MARCH. DECISION ON RELAXATION OF CONTROLS

ENTIRELY DEPENDENT ON WHETHER ADEQUATE OIL SUPPLIES CAN BE ASSURED TO MEET DEMAND. AT PRESENT, CONSUMPTION STILL RUNNING AHEAD OF SUPPLY WITH RESULT THAT STOCKPILES NOW AT GOUTHLY FIFTY DAY LEVEL (VS. ABOUT 59 DAYS BEFORE ENERGY CRISIS BEGAN). YAMAMOTO ADDED THAT MITI HAD NO PLANS TO RELEASE STOCKPILES ONCE SUPPLIES WERE ASURED. ON CONTRARY, MITI HOPED TO HALT DRAWDOWN QUICKLY AND, IF AT ALL POSSIBLE, TO REBUILD STOCKS SOMEWHAT BEFORE CONSUMPTION CONTROLS ARE REMOVED.

3. MITI HAS APPARENTLY COMPLETELY REJECTED EARLIER PROPOSALS FOR PRICE CONTROLS ON WIDE RANGE OF PETROLEUM PRODUCTS. YAMAMOTO SAID SOME ADMINISTRATIVE GUIDANCE IS BEING QTE OFFERED UNQTE TO PETROCHEMICAL PRODUCERS TO KEEP PRICES AT PRE-JANAUARY LEVELS. HOWEVER, LEGISLATIVE PRICE CONTROL AUTHORITY WILL NOT BE USED FOR PETROCHEMICALS AND NO ACTION, INCLUDING ADMINISTRATIVE GUIDANCE, IS CONTEMPLATED IN AREA OF REFINED PRODUCT PRICES. IN FACT, EXISTING STANDARD (I.E. GOVERNMENT GUIDELINE) PRICES ON KEROSENE AND LPG MAY BE DISCONTINUED SHORTLY.

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PAGE 03 TOKYO 01655 060034Z

4. IN SEPARATE ACTION WHICH YAMAMOTO SAID TAKEN AS PART OF OVERALL POLICY TO RESTRICT INVESTMENT IN NEW PRODUCTIVE CAPACITY MITI HAS SUSPENDED PERMITS FOR NEW REFINERY CONSTRUCTION IN JAPAN. SUSPENSION, COVERING NEW REFINERY STARTS, IS EXPECTED TO REMAIN IN EFFECT FOR AT LEAST SIX MONTHS.

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